

## Old Age, Disability, Death

First law: 1909.

Current law: 1993.

Type of program: Dual universal and social insurance systems.

**Exchange rate:** U.S.\$1.00 equals 69.55 Icelandic kronur (IKr).

### Coverage

Universal pension: All residents.

Occupational pension: All employees and self-employed persons.

### Source of Funds

**Insured person:** Universal pension, none. Occupational pension, 4% of earnings; self-employed persons, 10% of earnings.

**Employer:** Universal pension, 4.23% to 5.83% of payroll; occupational pension, 6% of employee's wages.

**Government:** Universal pension, remaining costs; occupational pension, none. Universal pension contributions also finance maternity and work injury benefits.

### Qualifying Conditions

**Old-age pension:** Universal pension: age 67, with minimum 3 years' residence in Iceland at ages 16-66 (40 years' residency for full pension). Occupational pension: age 67. Reduced pension at age 65. Retirement not necessary.

**Disability pension:** Universal pension, age 16-66. Three years' residency in Iceland before submitting application, and 75% reduction in working capacity; full pension, 40 years' residency. Occupational pension, at least 50% reduction in working capacity, 24 months of contributions and a reduction in income.

**Survivor pension:** Universal pension, payable to orphan or parent with 3 years' residency in Iceland.

Occupational pension for surviving spouse: payment of contributions to the pension fund. Pension for surviving child: active membership of the deceased.

### Old-Age Benefits

**Old-age pension:** Universal income-regulated basic pension: Up to IKr 15,728 (full basic amount) a month. Aged couple, 90% each of single pensioner's rate.

Income-tested supplementary allowance: Up to IKr 28,937 a month. Supplement for children: IKr 12,693 a month for each child under age 18. Other means-tested allowances provided such as for housing and medicine.

Adjustment: Pensions adjusted for changes in workers' wages.

Occupational old-age pension: Depends on paid contributions.

### Permanent Disability Benefits

**Disability pension:** Universal income-regulated basic pension: Up to IKr 15,728 (full basic amount) a month. Income-tested supplementary allowance: Up to IKr 29,747. For couple, if both are disabled, 90% each of single rate.

Supplement for children: IKr 12,693 a month for each child under age 18; double if both parents are disabled. Other means-tested allowances provided such as for housing and medicine.

Partial pension payable for 50% to 74% disability.

Adjustment: Pensions adjusted for changes in workers' wages.

Occupational pension: Depends on paid contributions.

Supplement for children, IKr 5,813 for active members.

### Survivor Benefits

**Universal survivor pension for orphans:** IKr 12,693 a month for each orphan under age 18, doubled for full orphans.

Adjustment: Pensions adjusted quarterly for changes in wages.

Occupational survivor pension for surviving spouse: depends on paid contributions. Pension for orphans, IKr 7,926 for active members.

### Administrative Organization

Universal Pension program: Ministry of Health and Social Security, general supervision.

State Social Security Institute, administration of program through local offices; managed by board elected by Parliament, and Director.

Occupational Pension scheme: Ministry of Finance, general supervision.

Administered through 57 independent pension funds.

## Sickness and Maternity

First law: 1936.

Current law: 1993.

Type of program: Universal system. Cash and medical benefits.

### Coverage

**Cash sickness benefits:** Employed and self-employed residents.

**Cash maternity benefit:** Resident parents.

**Medical benefits:** All residents.

### Source of Funds

**Insured person:** None.

**Employer:** Cash sickness and medical benefits, none.

Cash maternity benefits, see universal pension contributions, above.

**Government:** Cash sickness and medical benefits, 100%.

Cash maternity benefits, remaining costs.

### Qualifying Conditions

**Cash maternity benefits:** Twelve months' residency before confinement.

**Cash sickness benefits:** Employment in Iceland, residents aged 16 or older and incapable of working.

**Medical benefits:** Residency in Iceland for the last 6 months.

### Sickness and Maternity Benefits

**Sickness benefit:** Statutory minimum of IKr 671 a day, plus supplement of IKr 182 for each child under age 18.

Full cash benefits paid to those who cease full-time employment, and one-half cash benefits to those engaged in half-time work prior to illness. Payable after 15-day waiting period, provided that the incapacity has lasted at least 21 days and income has lapsed. The benefits are paid for a maximum of 52 weeks.

**Maternity benefit:** IKr 32,005 a month for 6 months, regardless of participation in the labor market.

In addition, a working mother (alternatively, working father eligible after the first month) receives daily allowance of IKr 1,342 if she worked a minimum of 1,032 hours in the preceding 12 months.

(reduced to IKr 671 if 516 hours-1,031 hours worked in preceding 12 months). In addition, the father is entitled to cash benefits for 2 weeks.

Benefits paid for 3 additional months per each additional child if multiple birth and/or in case of child's serious illness; for 2 additional months if warranted for mother's health and safety.

#### **Workers' Medical Benefits**

**Medical benefits:** Minimum fee for doctor's visit. Free hospitalization in ward of public hospital.

Free medicine for some chronic diseases; Minimum fee for other medicine. Confinement in maternity ward is free of charge.

Minimum fee for x-rays and travel costs; dental care, children to age 15 get a 75% refund; age 16, 50%; and pensioners, 50% to 100% refund (subject to income test.)

#### **Dependents' Medical Benefits**

**Medical benefits for dependents:** Same as for family head.

#### **Administrative Organization**

Ministry of Health and Social Security, general supervision.  
State Social Security Institute, administration of program through local offices, managed by Board elected by Parliament and Director.

### **Work Injury**

First law: 1925.

Current law: 1993.

Type of program: Social insurance system.

#### **Coverage**

Employed and self-employed persons.

#### **Source of Funds**

**Insured person:** None.

**Employer:** See universal pension contributions, above.

**Government:** None.

#### **Qualifying Conditions**

**Work-injury benefits:** No minimum qualifying period.

#### **Temporary Disability Benefits**

**Temporary disability benefit:** IKr 821 a day.

Dependents' supplements: IKr 177 a day for each child.

Maximum benefit: 75% of earnings.

Payable after 7-day waiting period for up to 52 weeks.

#### **Permanent Disability Benefits**

**Permanent disability pension:** IKr 15,728 a month, if at least 75% disabled.

Child's supplement: IKr 12,693 a month for each child under age 18.

Partial disability: If 50% to 74% disabled, 50% of full pension, plus 2% of pension for each 1% of disability exceeding 50%. If 10% to 49% disabled, lump sum proportionate to disability.

Income-tested supplementary allowance: Up to IKr 29,747 a month.

Other means-tested allowances provided such as for housing and medicine.

#### **Workers' Medical Benefits**

**Medical benefits :** Necessary care, including specialist services and hospitalization.

#### **Survivor Benefits**

**Survivor pension:** IKr 19,040 a month payable for 8 years.

Orphans: IKr 12,693 a month for each orphan under age 18, doubled for full orphans.

Death grant: Lump-sum of IKr 237,941 to 713,823 for other adult dependents (disabled children), according to previous degree of support from deceased. Minimum lump sum of IKr 333,120 if no other survivor benefits for dependents are paid.

#### **Administrative Organization**

Ministry of Health and Social Security, general supervision.

State Social Security Institute, administration of benefits through local offices.

### **Unemployment**

First law: 1956.

Current laws: 1997 and 1998.

Type of program: Social insurance system.

#### **Coverage**

Employed persons and qualifying self-employed persons.

#### **Source of Funds**

**Insured person:** None.

**Employer:** 1.15% of payroll.

**Government:** None.

#### **Qualifying Conditions**

**Unemployment benefit:** Age 16 to 69 inclusive; residence in Iceland; minimum 10 weeks employment in previous 12 months; maximum, full employment in previous 12 months; unemployment for 3 or more days before registration. Registration required once every 2 weeks at the employment agency. Must be actively searching for employment while receiving benefits.

#### **Unemployment Benefits**

**Unemployment benefit:** Minimum, IKr 715 a day.

Maximum, IKr 2,862 a day.

Dependents' supplement: IKr 114.48 a day for each child.

Payable for up to 5 years.

#### **Administrative Organization**

Ministry of Social Affairs, general supervision.

Directorate of Labor, administration of the Unemployment Insurance Fund and the employment agencies.

### **Family Allowances**

**First law:** 1946.

**Current law:** 1981.\*

\*Program transferred from social security to the tax system.